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ACTION PM-03

INFO OCT-01 ARA-06 ISO-00 H-02 OMB-01 MC-02 EB-07 COME-00

TRSE-00 OPIC-03 ACDA-05 AID-05 IGA-01 L-02 CIAE-00

INR-07 NSAE-00 SS-15 /060 W
----- 126324

R 222050Z APR 75

FM AMEMBASSY PANAMA

TO SECSTATE WASHDC 3676

INFO OSD WASHDC

JCS WASHDC

USCINCSO

C O N F I D E N T I A L PANAMA 2340

FOR PM/SAS AND ACDA

EO 11652: GDS

TAGS: MASS, PN

SUBJ: THIRD COUNTRY ASSISTANCE TO FY76 PROSPECTIVE MAP RECIPIENT
(PANAMA)

REF: UNCLAS STATE 082288

SUMMARY: NO THIRD COUNTRY SUPPLIERS ARE KNOWN TO HAVE PROVIDED MILITARY ARMS AND SUPPLIES TO PANAMA IN THE FORM OF A GRANT. KNOWN SALES TO PANAMA OF SUCH ITEMS BY THIRD COUNTRIES HAVE NOT SIGNIFICANTLY INTERFERED WITH U.S. SECURITY ASSISTANCE OBJECTIVES. WHILE SOME COMPETITION FOR SALES OF ARMS AND EQUIPMENT TO PANAMA HAS EXISTED, AND WILL CONTINUE TO EXIST, THE U.S. POSITION AS THE DOMINANT SUPPLIER APPEARS TO BE ASSURED, GIVEN THAT THE USG IS BOTH FORTHCOMING IN ITS SECURITY ASSISTANCE PROGRAMS AND COMPETITIVE IN ITS PRICES.

1. IN ACCORDANCE WITH REQUIREMENTS OF REFTTEL, FOLLOWING INPUT/ COMMENTS ARE PROVIDED RE: THIRD COUNTRY ASSISTANCE TO PN:

A. THE FOLLOWING ARMS AND EQUIPMENT ARE BELIEVED TO HAVE BEEN SOLD TO PN BY THIRD COUNTRIES FROM 1970 TO THE PRESENT:

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YEAR	ITEM	SUPPLIER
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1970 1300 EA F.A.L. 7.62 RIFLES BELGIUM
1970 450 EA BROWNING 9MM PISTOLS BELGIUM
1970 125 EA UZI SUB-MACHINE GUNS ISRAEL
1971 30 EA THOMPSON THC 471B FIELD RADIOS FRANCE
1971 20 EA MAG 7.62 LIGHT MACHINEGUNS BELGIUM
1971 40 EA F.A.L. 5.56 CARBINES BELGIUM
1971 2 EA 103 FT VOSPER GUNBOATS U.K.
1971 1 EA DH-6 TWIN OTTER AIRCRAFT CANADA
1972 12 EA 60 MM MORTARS ISRAEL
1972 407 CASES 60 MM MORTAR ROUNDS ISRAEL
1972 5 EA TRAILER MOUNTED FIELD KITCHENS ISRAEL
1972 62 EA PEGASO DUMP TRUCKS SPAIN
1972 200 EA PRC 77 FIELD RADIOS ISRAEL

B. THE QUALITY OF ARMS AND EQUIPMENT LISTED ABOVE IS CONSIDERED TO BE SATISFACTORY WITH THE EXCEPTION OF THE THOMPSON THC 471B FIELD RADIOS WHICH APPARENTLY GAVE POOR SERVICE UNDER FIELD CONDITIONS.

C. THE LISTED ARMS AND EQUIPMENT SUPPLIED BY THIRD COUNTRIES WERE SOUGHT BY PANAMA WITH THE GENERAL AIM OF MODERNIZING ITS SMALL ARMS AND TACTICAL EQUIPMENT. MOST WERE PURCHASED AT A TIME WHEN THE UNITED STATES DECLINED TO PROVIDE ARMS TO PANAMA. WITH THE EXCEPTION OF THE VOSPER GUNBOATS (WHOSE MAINTENANCE AND SPARE PARTS SUPPLY PROBLEMS AND EXPENSIVE COST OF OPERATION DETRACT FROM THEIR UTILITY), THE MATERIAL PURCHASED BETWEEN 1970 AND 1972 FILLED A BONA FIDE NEED TO EQUIP THE SMALL TACTICAL FORCES OF PANAMA WITH A MODEST QUANTITY OF MODERN ARMS AND EQUIPMENT. THE DEGREE TO WHICH THIS EQUIPMENT FILLS THE CURRENT BONA FIDE NEEDS IS A SUBJECTIVE VARIABLE. THE TACTICAL FORCES OF THE GUARDIA NACIONAL WILL REQUIRE MUCH MORE MODERN AND SOPHISTICATED ARMS AND EQUIPMENT IF, FOR EXAMPLE, IT IS CONTEMPLATED THAT THESE TACTICAL FORCES WILL PLAY A SIGNIFICANT ROLE IN CANAL DEFENSE. (SOME TYPE OF ARTILLERY, ARMOR AND TACTICAL AIR SUPPORT WOULD APPEAR INHERENTLY NECESSARY FOR THIS MISSION, AND PANAMA HAS NOT AS YET ACQUIRED ANY OF THESE MORE EXPENSIVE ITEMS).

D. THIRD PARTY SUPPLIERS OF ARMS AND SERVICES TO PANAMA HAVE NOT
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INTERFERED TO A SIGNIFICANT DEGREE WITH U.S. OBJECTIVES IN PANAMA. THE SMALL INTERFERENCES THAT HAVE ACCRUED ARE DUE TO THE PROLIFERATION OF TYPES OF EQUIPMENT INIMICAL TO U.S. OBJECTIVES OF STANDARDIZING ARMS AND EQUIPMENT TO REDUCE PROBLEMS OF MAINTENANCE AND SPARE PARTS SUPPLY. THE PRIME EXAMPLE OF THIS IS THE ACQUISITION OF THE TWO 103 FT VOSPER GUNBOATS. THE SUPPLY OF FOLLOW-ON SPARE PARTS TO SUPPORT THESE VESSELS HAS NOT BEEN COMPLETELY SATISFACTORY. PRACTICES OF THIRD PARTY SUPPLIERS

HAVE NOT BEEN INIMICAL TO U.S. OBJECTIVES OF PRECLUDING ACQUISITION OF OVERLY SOPHISTICATED MAJOR ITEMS SUCH AS MODERN JET FIGHTER AIRCRAFT, MISSILE SYSTEM, ETC., WHICH WOULD BE BEYOND THE TECHNOLOGICAL COMPETENCE OF THE GN TO OPERATE AND MAINTAIN.

E. PANAMA HAS NOT TENDED TO USE THESE ALTERNATIVE SOURCES OF SUPPLY AS A LEVER TO INFLUENCE US GRANT AID. THE THIRD PARTY SUPPLIERS HAVE NOT, AS FAR AS IS KNOWN, PROVIDED ANY ARMS OR SUPPLIES IN THE FORM OF "GRANT AID." PANAMA HAS TENDED TO PREFER US GRANT AID OR FMS ACQUISITIONS, WHEN SUCH WERE MADE AVAILABLE. PANAMA'S PURCHASES FROM OTHER COUNTRIES DURING THE PERIOD 1970 THRU 1972 ARE MORE DIRECTLY ATTRIBUTABLE TO LACK OF AFFIRMATIVE RESPONSE BY THE USG TO ITS NEEDS THAN TO ANY DESIRE TO PLAY OFF THIRD COUNTRY SUPPLIERS AGAINST THE U.S. SECURITY ASSISTANCE PROGRAM. THIS PREMISE IS SUPPORTED BY THE FACT THAT, SINCE CONSTRAINTS HAVE BEEN LIFTED AND U.S. SUPPLIES OF ARMS, EQUIPMENT AND MATERIAL HAVE AGAIN BECOME AVAILABLE, THE VAST MAJORITY OF ACQUISITIONS HAVE BEEN MADE FROM THE U.S., UNDER EITHER GRANT AID, FMS, OR COMMERCIAL SALES. VISIBLE EVIDENCE OF THE FACT THAT THE USG CONTINUES AS THE MAJOR SOURCE OF MILITARY EQUIPMENT IS THE CONSIDERATION THAT IN FY73, PANAMA PURCHASED 1.5 MILLION THROUGH FMS, IN FY74 1.9 MILLION, AND THUS FAR IN FY75, ORDERS HAVE BEEN PLACED FOR APPROXIMATELY .5 MILLION.

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